GOVERNMENT OF INDIA
PLANNING
LOK SABHA

STARRED QUESTION NO:424
ANSWERED ON:23.04.2008
PRIVATE SECTOR INVESTMENT IN RURAL INFRASTRUCTURE PROJECTS
Rao Shri Kavuru Samba Siva

Will the Minister of PLANNING be pleased to state:

(a) the existing provisions regulating investment by private sector in farm and agriculture infrastructure in rural areas alongwith investment made so far during the last three years, year-wise;

(b) whether the Government proposes to formulate a new policy to encourage private sector investment in rural infrastructure projects; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI V. NARAYANASAMY)

(a) to (c): A statement is laid on the table of the House.

STATEMENT AS REFERRED TO IN ANSWER TO LOK SABHA STARRED QUESTION NO. 424 BY SHRI K. S. RAO REGARDING PRIVATE SECTOR INVESTMENT IN RURAL INFRASTRUCTURE PROJECTS TO BE ANSWERED ON 23.04.2008

(a) to (c): 'Agriculture' being a State subject, the Central Government supplements the efforts of the States in facilitating investment both public and private in farm and agriculture infrastructure. The existing provisions to encourage private sector investment in farm and agriculture infrastructure in rural areas comprise of formulating appropriate supportive policies, enabling legal framework, financial incentives, and awareness creation.

The Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation estimates capital formation in the economy. Information on private investment, in terms of Gross Capital Formation, in the agriculture sector for the latest 3 years is presented in the following table:

Investment (Gross Capital Formation) in Agriculture at 1999-2000 prices

Year	Gross Capital Formation (GCF) in Agriculture (Rs. in crore)			GCF in Agriculture as Percent of GDP from Agriculture		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
2004-05	12273	36835	49108	2.8	8.3	11.1
2005-06	15006	39899	54905	3.2	8.5	11.7
2006-07	17749	43013	60762	3.7	8.9	12.5

The Eleventh Five Year Plan continues to encourage higher private sector investment in farm infrastructure and other agriculture support services. Some of such areas with substantial potential for private sector investment include marketing infrastructure, post-harvest management of farm produce, horticulture, food processing, micro irrigation, agricultural extension, seed production etc

Some of the programmes under which financial assistance is provided to encourage private investment in agricultural infrastructure

include i) National Horticulture Mission under which financial assistance is provided in the form of equity participation up to a maximum of 49% of the total project equity; ii) Gramin Bhandaran Yojana under which capital investment subsidy is provided for construction of rural godowns iii) Central Sector Scheme of Agricultural Marketing Infrastructure, Grading and Standardization under which capital investment for agricultural marketing infrastructure projects.

Bharat Nirman through its emphasis on strengthening of rural infrastructure such as irrigation, roads, electrification, telecom connectivity, drinking water supply and housing would facilitate flow of private investment in agriculture infrastructure and other support services.